

IN THE SENATE OF THE UNITED STATES.

LETTER

FROM

THE SECRETARY OF THE TREASURY,

IN RESPONSE TO

The Senate resolution of August 24, 1894, directing him to cause the proper accounting officers of the Treasury to reexamine the certified claims of the Pennsylvania Railroad Company and its leased lines, No. 4889 of the year 1884, etc.

DECEMBER 10, 1894.—Referred to the Committee on Claims and ordered to be printed.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, D. C., December 6, 1894.

SIR: In compliance with the resolution of the Senate, dated August 24, 1894—

That the Secretary of the Treasury be, and he is hereby, directed to cause the proper accounting officers of the Treasury to re-examine the certified claims of the Pennsylvania Railroad Company and its leased lines against the United States for transportation, numbered four thousand eight hundred and eighty-nine of the year eighteen hundred and eighty-four, for the sum of fourteen thousand eight hundred and seventy-eight dollars and ninety-three cents, and to submit the reasons in full for said certification, with a detailed statement of the facts upon which said claims originated—

I have the honor to transmit herewith the report of the Second Comptroller of the Treasury, under date of September 25, 1894.

Respectfully, yours,

W. E. CURTIS,
Acting Secretary.

The PRESIDENT OF THE SENATE.

TREASURY DEPARTMENT,
Second Comptroller's Office, September 25, 1894.

SIR: I have the honor to report upon Senate resolution of August 24, 1894, that you have referred to me for that purpose.

The resolution requires a reexamination of the certified claim of the Pennsylvania Railroad Company and its leased lines against the United

States for transportation—settlement No. 4889 of 1894, for \$14,878.93, with a detailed statement of the facts upon which the claim originated and the reasons in full for its certification.

The act of June 14, 1878, changed the mode of payment of claims of long standing. It prohibited payment out of balances remaining on the books of the Treasury Department. It required all balances of appropriations that had remained on the books for two fiscal years to be covered in and carried to the surplus, but it did not prohibit the examination of such long standing claims. It provided in section 4, that—

It shall be the duty of the several accounting officers of the Treasury to continue to receive, examine, and consider the justness and validity of all claims under appropriations, the balances of which have been exhausted or carried to the surplus fund * * * that may be brought before them, within a period of five years.

The amount found due in any such case to be specially reported to Congress for consideration. The present claim is for transportation of the Army and its supplies, rendered during the civil war—that is, it is for the correction of errors made by the several quartermasters, at the time, in the adjustment and payment of the accounts for said transportation service.

It seems there were but three claims of this character presented under the act referred to. They were the claim of the Baltimore and Ohio Railroad Company, of the Elk Ridge Railroad Company, and this claim of the Pennsylvania Railroad Company. They were all for the correction of errors that occurred in the adjustment and payment of their accounts during the war. They were all allowed by the accounting officers in the amounts found to be correct, and all reported to Congress. The first two have been appropriated for and paid. The third, the Pennsylvania Company, has not yet been appropriated for.

This claim was filed with the Third Auditor June 7, 1883. It was referred to the War Department for administrative action. The Quartermaster-General returned the case, furnishing such papers as would assist in the examination, and recommending that the errors charged, if shown to exist, should be allowed for and paid.

The claim was presented in five parts, or five claims; that is, one part for the Pennsylvania road on its own lines, and one for each of the companies operated by the Pennsylvania Company, and the Auditor gave a separate claim number to each, thus:

No. 65891. Pennsylvania Railroad Company as lessee of Camden and Amboy Railroad and Transfer Company	\$1, 120. 53
No. 65892. Pennsylvania Railroad Company as lessee of New Jersey Railroad and Transportation Company	467. 96
No. 65893. Northern Central Railway Company	1, 062. 67
No. 65894. Pennsylvania Railroad Company (on its own lines)	12, 920. 19
No. 65895. Philadelphia, Wilmington, and Baltimore Railroad Company ...	665. 81
Total	16, 237. 18

In some of these claims errors were charged as having been made in the Treasury settlements, as well as in the settlements by the quartermasters, though almost all the alleged errors were charged to the latter.

On June 10, 1884, just one year after the claim was presented, the Third Auditor made a preliminary report in the case to the Second Comptroller. In this report he did not make any statement as to the merits of the claim or consider the case upon its merits at all. He held merely that, as the errors charged are in accounts that had been settled long before by quartermasters and accounting officers, and in

which the balances found due had been paid to and accepted by the claimant, such accounts could not now be reexamined by the accounting officers, unless the same were first formally reopened upon new and material evidence produced, upon the order of the Secretary of the Treasury, under the rules of the Treasury Department. The Comptroller decided that the rules for reopening Treasury settlements had no application in the case of settlements made by the quartermasters of the Army, and returned the matter for further consideration and report.

The Auditor then carefully considered the claim upon its merits. He made a thoroughgoing examination. Leaving out of consideration all errors charged to have been made in Treasury settlements, he confined his examinations to the quartermasters' settlements alone. I will quote from the Auditor's report of December 4, 1884:

Hon. W. W. UPTON,

Second Comptroller.

SIR: Under date of June 10, 1884, I stated the reasons for which I held that the applications by these companies for opening and review of transactions long since closed should not be granted. * * * You held that the applications should be granted to the extent of the lists of errors alleged to have been made in payments made by the *officers of the Quartermaster's Department*. * * * With a few exceptions, I find that the errors were made as charged, and that they were mainly of a purely clerical character, such as errors in computations, errors by applying erroneous distances, errors by not paying for the full number of soldiers which the requests and receipts showed to have been carried, etc. One class, of which there was a large number, was probably due to misunderstanding or insufficient information on the part of the quartermasters. These were in payments for transportation originating on the lines of these companies, but continuing on the Washington branch of the Baltimore and Ohio Railroad Company.

In many such cases payment for the entire distance was made at the rates of the "military tariff." For the distance south from Baltimore the rates should have been those which the Government, by arrangement between the Secretary of War and the Baltimore and Ohio Company, allowed on the Washington branch of said company. As these applicants were obliged to settle with the Baltimore and Ohio Company at those rates for its share in the work, they were entitled to like rates from the Government on that part of the route.

No. 65891. In the case of the Pennsylvania Railroad Company, as lessee of the Camden and Amboy Railroad and Transportation Company, the errors alleged are all charged as made in payments by *quartermasters*. Upon comparison with the accounts, I find that the errors charged were actually made. \$1,120.55.

No. 65892. In the case of the same company, as lessee of the New Jersey Railroad and Transportation Company, the same remarks apply. \$467.96.

No. 65893. In the case of the Northern Central Railway Company, I have made no investigation of the errors alleged to have been made in settlements by the accounting officers. The aggregate of the errors charged to have been made in payments by quartermasters is \$377.78. I find on examination of the quartermasters' accounts that the errors charged were all made, with some small exceptions, noted on the accompanying "Statement of differences," which reduce the aggregate to \$371.75.

No. 65894. In the case of the Pennsylvania Railroad Company (on its own line) I have not investigated the errors alleged to have been made in settlements by the accounting officers. The aggregate of errors charged to have been made in payments by quartermasters is \$12,738.89. I find that such errors were actually made, excepting an item of \$8.40, noted on the accompanying "Statement of differences," which reduces the aggregate to \$12,730.49.

No. 65895. In the case of the Philadelphia, Wilmington and Baltimore Railroad Company, an aggregate of \$477.63 is charged as errors alleged to have been made in settlements by the accounting officers, and an aggregate of \$188.18 as errors in payments by quartermasters. I find that the errors charged in the latter class were actually made. \$188.18.

Upon the above finding of facts I have stated the accompanying account, in pursuance of your decision dated November 5, 1884.

Respectfully submitted.

E. W. KEIGHTLEY, *Auditor*.

The Auditor then stated an account and settlement for the amount he found short paid by the several quartermasters, namely, \$14,878.93, and reported the same to the Second Comptroller for certification. The

Comptroller admitted the balance precisely as stated by the Auditor, and certified the same to the head of the War Department, waiving any further consideration of errors alleged to have been made in the several settlements of the accounting officers.

The Secretary of War reported the claim with others, through the Treasury Department, to Congress for consideration, etc. Congress failed at their next session to make appropriation for a large number of reported claims, including the one under consideration. The failure of about three hundred claims to receive appropriations at that time has never been attributed to any want of merit in the claims themselves, but to some question of parliamentary practice. Congress did not reject any of them, and almost all of them have since been appropriated for and paid. In the meantime, however, all the claims that had not been appropriated for were recalled by the Secretary of the Treasury, and such of them as had been admitted and certified by the Second Comptroller were returned to that officer for reexamination and report. The Second Comptroller, at that time Judge Maynard, assumed that all the claims so returned for report were referred to him under section 191 of the revision, and proceeded to reconsider and disallow all of them, with very few exceptions, the present claim being among those disallowed.

In my report of May 3, 1894, upon the Senate resolution of December 20, 1893—printed in Senate Ex. Doc. No. 98, Fifty-third Congress, second session—it was shown that these proceedings of the then Second Comptroller were unauthorized and void; and the Congress has sustained that position by appropriating the money to pay the claims thus improperly disallowed.

In his report to the Secretary upon this claim of the Pennsylvania Railroad Company, Comptroller Maynard gave no reason whatever for his disallowance thereof, but in the indorsement of his disallowance upon the original settlement of the claim he says:

I do find and decide that there is nothing due the claimants within named upon the claims therein referred to from the United States, for the reasons given by the Third Auditor in his report in this case, dated June 10, 1884.

The report of the Auditor of June 10, 1884, on which Comptroller Maynard relied, is now with the papers. It is the same that I have referred to above. It was a mere preliminary report upon the jurisdiction of the accounting officers in the case. In it the Auditor did not discuss or consider the merits of the claim in any respect. It is true he stated that the claim was an old and stale one; that it had been once settled and paid; and could not be properly reconsidered, except in conformity with the rules for reopening Treasury settlements; and the Comptroller seems to have admitted that there was some force in the Auditor's statements so far as they related to the errors in the Treasury settlements proper, but had no force and no application to settlements and payments of the quartermasters of the Army. The Auditor then, in his report of December 4, 1884 (that is also with the papers, and from which I have quoted fully above), did consider the claim upon its merits, admitting them fully and stating an account allowing the whole amount claimed with a "difference" of less than \$10. It is impossible for any intelligent person to examine carefully the evidence in this case (it is all record evidence, made at the time by the officers of the Government itself) without being convinced of the justness and validity of the claim.

It is a curious coincidence that while this claim against the Government was being pressed by the railroad company the Government also

presented a like claim against the company, founded upon errors made in the assessment of internal revenue, nearly four times the amount of this present claim, and that the company paid it in full (\$49,892.97) in 1883, at the very time when this present claim was examined by the accounting officers. If this claim of the company is stale, that claim of the Government is more stale, for it originated sooner and was founded on a law that had been then repealed for many years.

After a careful reexamination of the evidence and the figures, I find that the claim of the company as stated is just and valid and a subsisting claim against the Government, and ought to be appropriated for and paid.

C. H. MANSUR,
Second Comptroller.

The SECRETARY OF THE TREASURY.

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